



U.S. Small Business  
Administration

# Agenda

- 1. General Assistance  
from the US SBA and our Partners**
- 2. Financial Assistance from the US SBA**
- 3. Additional Resources**

***These Slides are available to download at:  
[www.sba.gov/tx/houston](http://www.sba.gov/tx/houston)***

# General Assistance

# Important Non-Monetary Assistance from SBA

## SBA has three local Resource Partners

- Texas Gulf Coast Small Business Development Centers (SBDC)
- SCORE Mentors
- The WBEA Women's Business Center (WBC)

## A range of help during the downturn, to include:

- Cash flow management / short term financial management
- Messaging / Social Media to stay engaged with customers
- Import/Export
- Supply Chain
- Strategic Planning and Financial Tune-Up; prepare to prosper after the disaster
- Planning for further disasters / Risk management / Insurance counseling

# Contact Information

<p>Small Business Development Center 713-752-8444 <a href="http://www.sbdc.uh.edu">www.sbdc.uh.edu</a></p>	<p>Houston SCORE 713-487-6565 <a href="http://www.houston.score.org">www.houston.score.org</a></p>
<p>Women's Business Center 713-681-9232 <a href="http://www.wbea-texas.org/womens-business-center">www.wbea-texas.org/womens-business-center</a></p>	<p>U.S. Small Business Administration 713-773-6500</p> <p><b>SIGN-UP FOR EMAIL UPDATES:</b> <a href="http://www.sba.gov/tx/houston">www.sba.gov/tx/houston</a></p> <p><b>FOLLOW US ON TWITTER:</b> <a href="https://twitter.com/SBA_Houston">@SBA_Houston</a></p>

# **Financial Assistance From the US SBA**

# SBA Debt Relief

## 7(a), 504, & Microloans

- The SBA will automatically pay the principal, interest, and fees of **current 7(a), 504, and microloans** in regular servicing status for a period of six months.

## Existing Disaster Loans

- SBA will defer existing loan payments through December 31, 2020 automatically.

# Passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act Gives Businesses **TWO** Loan Choices

Affected, Eligible  
Business?

**1**

Paycheck  
Protection  
Program (PPP)

*Loan is from  
existing SBA  
Lender*

**2**

Economic Injury  
Disaster Loan  
(EIDL)

*Loan is directly  
from the federal  
government (SBA)*

# PPP Loans

# Payroll Protection Program (PPP)

- Intended to help small businesses with payroll and other operating expenses.
- SBA will forgive the portion of the loan proceeds used to cover:
  - The first eight weeks of payroll costs
  - Rent
  - Utilities
  - Mortgage interest
- More details here:
  - <https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>

# PPP Eligibility (1 of 2)

- Small business affected by COVID-19 with less than 500 employees, including
  - sole proprietorships, independent contractors, self-employed persons
  - private non-profit organization
  - 501(c)(19) veteran organizations
- Certain businesses may have more than 500 employees if they meet [SBA's size standards](#) for those industries
- Hospitality and food industry businesses with more than one location:
  - could be eligible at the store and location level if store employs less than 500 workers
  - This means each store location could be eligible

# PPP Eligibility (2 of 2)

1. Churches and related institutions qualify for PPP and EIDL loans
  - Note that EIDL is only currently available only to agricultural businesses.
  - Must be small. If in doubt check SBA's size standards tables  
<https://www.sba.gov/document/support--table-size-standards>
2. Agricultural producers, farmers, and ranchers with 500 or fewer employees whose principal place of residence is in the United States are eligible.
  1. Farms are eligible if:
    - (i) the farm has 500 or less employees, OR
    - (ii) average annual receipts of \$1M

Additionally, farms can qualify under SBA's "alternative size standard:"

- (1) a maximum net worth of the business not more than \$15 million, AND
- (2) the average net income Federal income taxes of the business for the two full fiscal years before the date of the application be not more than \$5 million.

# Loan Details & Forgiveness

- Details:
  - Maturity of 2 years; interest rate of 1%; Payments deferred for six months
  - No collateral or personal guarantees required
  - The Government nor lenders will charge small businesses any fees
- Forgiveness:
  - At least 75% of the loan must have been used for payroll
  - Based on employer maintaining or quickly rehiring employees and maintaining salary levels
    - Reduced if FTE headcount declines or if salaries and wages decrease
  - No more than 25% may be used for rent, utilities, and interest on mortgage.

# How to Apply for PPP

- Apply through existing SBA 7(a) lenders – Apx 200 in the Houston District
- Check with your existing lender, or
- List of SBA Lenders is at [www.sba.gov/tx/houston](http://www.sba.gov/tx/houston) under “corona virus”



# Documents Needed - PPP

Borrowers must submit documentation to establish eligibility **such as:**

- payroll processor records
- payroll tax filings
- If sole proprietorship or independent contractor, form 1040
- If partnership with distributions, form K-1

# Calculating PPP Loan Amount

April 24, 2020

## PAYCHECK PROTECTION PROGRAM

### HOW TO CALCULATE MAXIMUM LOAN AMOUNTS – BY BUSINESS TYPE

The Small Business Administration (SBA), in consultation with the Department of the Treasury, is providing this guidance to assist businesses in calculating their payroll costs for purposes of determining the amount of a Paycheck Protection Program (PPP) loan businesses can apply for.

Borrowers and lenders may rely on the guidance provided in this document as SBA's interpretation of the CARES Act and of the Paycheck Protection Program Interim Final Rules. The U.S. government will not challenge lender PPP actions that conform to this guidance<sup>1</sup> and to the PPP Interim Final Rules and any subsequent rulemaking in effect at the time.

- 1. Question:** I am self-employed and have no employees, how do I calculate my maximum PPP loan amount? (Note that PPP loan forgiveness amounts will depend, in part, on the total amount spent during the eight-week period following the first disbursement of the PPP loan.)

<https://home.treasury.gov/system/files/136/How-to-Calculate-Loan-Amounts.pdf>

# Sample PPP Application (1 of 5)



## Paycheck Protection Program Borrower Application Form

OMB Control No.: 3245-0407  
Expiration Date: 09/30/2020

<b>Check One:</b> <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other		<b>DBA or Tradename if Applicable</b>	
<b>Business Legal Name</b>			
<b>Business Address</b>			
		<b>Business TIN (EIN, SSN)</b>	<b>Business Phone</b>
			(   )   -
		<b>Primary Contact</b>	<b>Email Address</b>
<b>Average Monthly Payroll:</b>	\$	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	\$
		<b>Number of Employees:</b>	
<b>Purpose of the loan</b> (select more than one): <input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain): _____			

# Sample PPP Application (2 of 5)

## Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

*If questions (1) or (2) below are answered "Yes," the loan will not be approved.*

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input type="checkbox"/>

*If questions (5) or (6) are answered "Yes," the loan will not be approved.*

# Sample PPP Application (3 of 5)

Question	Yes	No
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? <b>Initial here to confirm your response to question 5 →</b> _____	<input type="checkbox"/>	<input type="checkbox"/>
6. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? <b>Initial here to confirm your response to question 6 →</b> _____	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	<input type="checkbox"/>	<input type="checkbox"/>

# Sample PPP Application (4 of 5)

## **By Signing Below, You Make the Following Representations, Authorizations, and Certifications**

### CERTIFICATIONS AND AUTHORIZATIONS

I certify that:

- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
- The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (the Paycheck Protection Program Rule).
- The Applicant (1) is an independent contractor, eligible self-employed individual, or sole proprietor or (2) employs no more than the greater of 500 or employees or, if applicable, the size standard in number of employees established by the SBA in 13 C.F.R. 121.201 for the Applicant's industry.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All SBA loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rule.
- To the extent feasible, I will purchase only American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.
- Any loan received by the Applicant under Section 7(b)(2) of the Small Business Act between January 31, 2020 and April 3, 2020 was for a purpose other than paying payroll costs and other allowable uses loans under the Paycheck Protection Program Rule.

For Applicants who are individuals: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

# Sample PPP Application (4 of 5)

## CERTIFICATIONS

The authorized representative of the Applicant must certify in good faith to all of the below by **initialing** next to each one:

\_\_\_\_\_ The Applicant was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.

\_\_\_\_\_ Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.

\_\_\_\_\_ The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.

\_\_\_\_\_ The Applicant will provide to the Lender documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight-week period following this loan.

\_\_\_\_\_ I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 25% of the forgiven amount may be for non-payroll costs.

\_\_\_\_\_ During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant has not and will not receive another loan under the Paycheck Protection Program.

\_\_\_\_\_ I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

\_\_\_\_\_ I acknowledge that the lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge and agree that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

\_\_\_\_\_  
Signature of Authorized Representative of Applicant

\_\_\_\_\_  
Date

# EIDL Loans

*Currently open to Agricultural Businesses only*

## Economic Injury Disaster Update

- Currently EIDL is only available for agricultural businesses
- OR – previous applications with a 200 series application number.
  - You may re-apply in order to access the EIDL Advance

# Economic Injury Disaster Loans (EIDL)



3.75% interest rate for small businesses; 2.75% for private non-profits.



Long-term repayments up to 30 years



May be used for fixed debts, payroll, accounts payable and other bills affected by the disaster

*Ag-Business Only*

# Additional EIDL Details

No cost to apply; No obligation to take the loan (if offered)

*Amount is determined by SBA* from your information

Existing SBA Disaster or Business loans do not make you ineligible

Personal guarantees and collateral may be required

*Ag-Business Only*

# CARES Act - EIDL Grant

- Until 12-31-2020 affected small businesses may request an EIDL grant
  - \$1,000 per employee; maximum of \$10,000
- Repayment is not required even if subsequently denied a loan
- Advance intended for:
  - paid employee sick leave if unable to work due to the direct effect of the COVID-19
  - payroll to retain employees
  - increased costs to obtain materials unavailable due to interrupted supply chains
  - rent or mortgage payments
  - obligations that cannot be met due to revenue losses

*Ag-Business Only*

# How to Apply for EIDL

- The website for applying for EIDL is [www.sba.gov/disaster](http://www.sba.gov/disaster)
- You may also contact the SBA Disaster Customer Service Center (M - F 8:00 am to 8:00 pm, Sat/Sun 8:00 am to 5:00 pm Eastern Time)
  - 1-800-659-2955
  - e-mail [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)
  - TTY: 1-800-877-8339
- If denied:
  - you get six months to provide a written reconsideration request with new / supplemental information
  - If denied a second time, you get an additional 30 days to appeal

*Ag-Business Only*

# **Non-SBA Additional Info**

# Additional Info / Resources

- See your existing bank – they may have other SBA & non-SBA programs to help
- LiftFund Program
- Texas Restaurant Association Grant Program
- Check your local EDC (ex.- Galveston EDP Short-term Loan Program)
- Brazos Valley Community Relief Grant
- Harris County Small Business Loans Program
- U.S. Chamber of Commerce ‘Save Small Business Fund’
- Allied Arts Grant program for artists
- Hello Alice COVID-19 Grant
- Non-Profit Organization Assistance
- Visit your local Chamber of Commerce
- *More coming...*

# Contact Information

<p>Small Business Development Center 713-752-8444 <a href="http://www.sbdc.uh.edu">www.sbdc.uh.edu</a></p>	<p>Houston SCORE 713-487-6565 <a href="http://www.houston.score.org">www.houston.score.org</a></p>
<p>Women's Business Center 713-681-9232 <a href="http://www.wbea-texas.org/womens-business-center">www.wbea-texas.org/womens-business-center</a></p>	<p>U.S. Small Business Administration 713-773-6500</p> <p><b>SIGN-UP FOR EMAIL UPDATES:</b> <a href="http://www.sba.gov/tx/houston">www.sba.gov/tx/houston</a></p> <p><b>FOLLOW US ON TWITTER:</b> <a href="https://twitter.com/SBA_Houston">@SBA_Houston</a></p>

# Most Common Questions

# Common Questions (1/3)

- Visit [www.sba.gov/tx/houston](http://www.sba.gov/tx/houston), under Coronavirus resources:
  - *For a copy of this slide deck & the Houston District SBA lender list*
- What banks are offering PPP loans?
  - *Many of the SBA lenders in Houston have already started*
- Can I check status of my application?
  - *1 800 659 2955 or [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)*
- Are EIDL loans forgiven?
  - *NO, but the Advance is a grant (is forgiven)*
- How is the up to \$10K EIDL Relief Grant calculated?
  - *Based on the number of pre-disaster (before January 31, 2020) employees; \$1,000 per employee up to a maximum of \$10,000.*

## Common Questions (2/3)

- Can I apply for both EIDL and PPP?
  - *YES; however, you cannot duplicate costs.*
- Which loan should I apply for EIDL or PPP?
  - *Each business is different. Our network of local, free resources can help.*
- I have already submitted my EIDL application can I submit for the PPP loan?
  - *YES, just don't duplicate costs included in the EIDL.*
  - *If payroll was on the EIDL, you must refinance the EIDL into the PPP*
- I have already submitted my EIDL application but didn't get the Advance?
  - *If application number starts with 22 - submit the new application to access advance – won't affect previous application*
  - *If application begins with 33 – watch your bank account.*

## Common Questions (3/3)

- I received an email with an SBA logo. How do I know it is real?
  - *If from the SBA it will have a .gov email address*
- Someone contacted me promising they can get me approved and move me to the head of the line – for a fee. Is this real?
  - *Suspect fraud*
  - *Report any suspected fraud to OIG's Hotline at 800-767-0385 or online at, <https://bit.ly/2UxdAhL>*

## ***For questions about your specific situation***

- *For the EIDL Loan; SBA Disaster Customer Service:*
  - 1-800-659-2955 -- TTY: 1-800-877-8339
  - e-mail [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)
- *For the PPP Loan:*
  - Contact the SBA lender of your choice
  - Lender list at [www.sba.gov/tx/Houston](http://www.sba.gov/tx/Houston) under Coronavirus Resources
- *One of our Resource Partners for general guidance:*
  - Texas Gulf Coast SBDC 713-752-8444 [www.sbdc.uh.edu](http://www.sbdc.uh.edu)
  - Houston SCORE 713-487-6565 [www.houston.score.org](http://www.houston.score.org)
  - Women's Business Center 713-681-9232 [www.wbea-texas.org/womens-business-center](http://www.wbea-texas.org/womens-business-center)